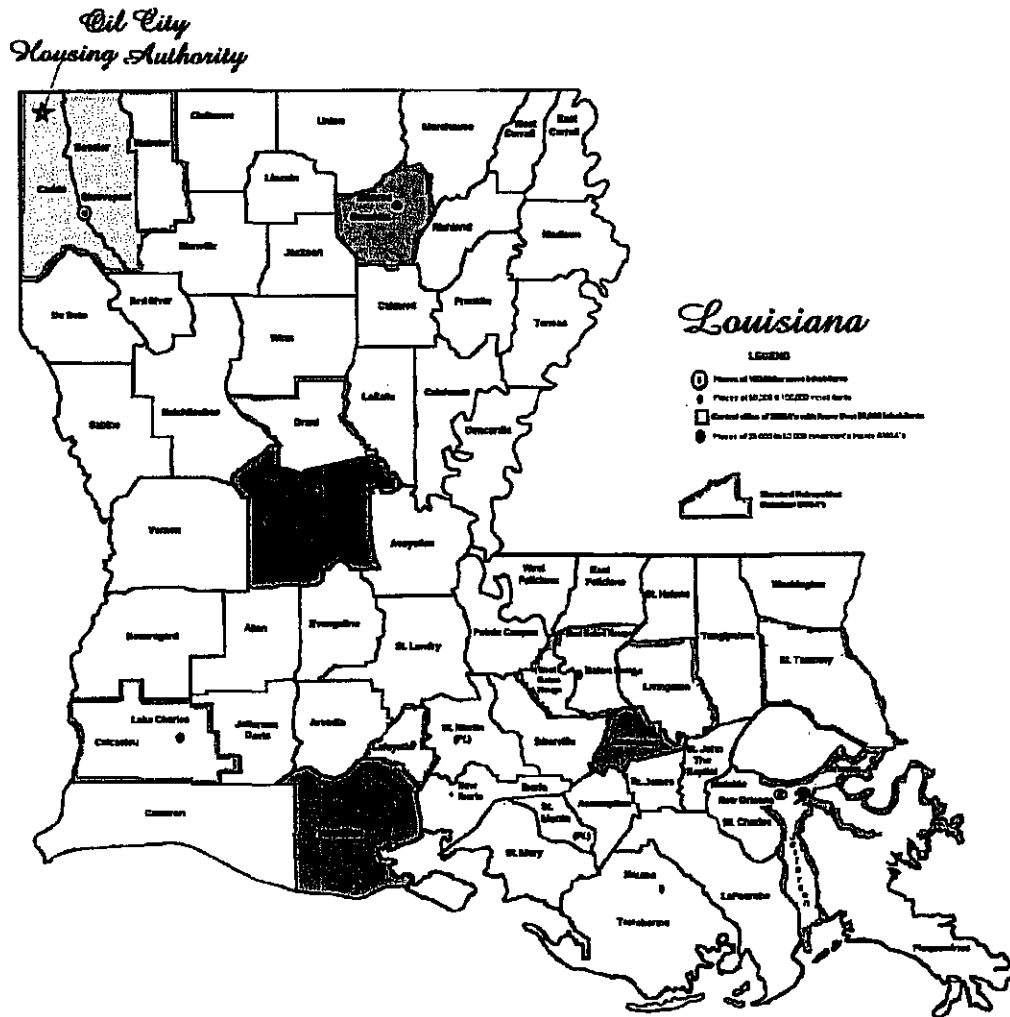


**HOUSING AUTHORITY
OF THE
TOWN OF OIL CITY, LOUISIANA
Annual Financial Statements
September 30, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-1-06

HOUSING AUTHORITY OF THE TOWN OF OIL CITY OIL CITY, LOUISIANA



The Oil City Housing Authority is chartered as a public corporation for the purpose of administering housing programs for low income families. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the Oil City Housing Authority to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

**Housing Authority of the Town of Oil City
Oil City, Louisiana**

**Table of Contents
September 30, 2005**

	<u>Page No.</u>
Independent Auditor's Report -----	1-2
Management's Discussion and Analysis-----	3-6
<u>Basic Financial Statements</u>	
Statement of Fund Net Assets-----	8
Statement of Revenues, Expenses, and Changes In Fund Net Assets -----	9
Statement of Cash Flows-----	10
Notes to the Basic Financial Statements-----	11-16
<u>Other Supplemental Statements and Schedules</u>	
Schedule of Compensation Paid to Board Members-----	18
Statement and Certification of Actual Modernization Cost-----	19
<u>Other Reports</u>	
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> -----	21-22
Schedule of Findings and Questioned Cost-----	23-24
Management Letter Comments -----	25
Management's Summary of Prior Year Findings-----	26
Financial Data Schedule-----	27-28

JOHN R. VERCHER PC
Certified Public Accountant

P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

INDEPENDENT AUDITOR'S REPORT

Housing Authority of the
Town of Oil City
Oil City, Louisiana

I have audited the accompanying financial statements of the major fund of the Housing Authority of the Town of Oil City, Louisiana as of and for the year ended September 30, 2005, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Housing Authority of the Town of Oil City, Louisiana's, management. My responsibility is to express opinions on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Housing Authority of the Town of Oil City, Louisiana, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2005, on my consideration of the Housing Authority of the Town of Oil City, Louisiana's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the Town of Oil City, Louisiana, basic financial statements. The financial data schedule (FDS) and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The financial data schedule (FDS) and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John R. Vercher

December 30, 2005
Jena, Louisiana

**Housing Authority of the Town of Oil City
Management's Discussion and Analysis
September 30, 2005**

As management of the Housing Authority of the Town of Oil City, we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2005. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements, which are attached.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,462,640 (net assets).

As of the close of the current fiscal year, the Authority's ending unrestricted net assets were \$430,705.

The Authority's cash balance at September 30, 2005 was \$30,355.

The Authority had total revenue of \$342,475 in which \$ 157,867 was operating revenue and \$184,608 was non-operating revenue.

The Authority had total expenses of \$362,585, leaving a total change in net assets of \$(20,110).

Overview of the Basic Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the Statement of Net Assets, Statement of Revenue, Expenses and Changes in Net Assets, Statement of Cash Flows, and the notes to the basic financial statements. This report also contains the schedule of expenditures of federal award as supplementary information in addition to the basic financial statements themselves.

The Authority has only one fund type, namely a proprietary fund. The Statement of Net Assets includes all of the Authority's assets and liabilities. This fund type is unused for activities which are financed and operated in a manner similar to those in the private sector.

The Authority has two main funding sources in its financial operation. These are the Low Rent Public Housing and the Capital Fund programs. The Low Rent Program consists of 60 units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. The purpose of this program is to provide funding for low rent housing programs to allow them to make purchases and capital improvements for the current dwelling structures and assist in their operations.

**Housing Authority of the Town of Oil City
Management's Discussion and Analysis - Continued
September 30, 2005**

Overview of the Basic Financial Statements-Cont.

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements.

The table below lists the asset and liability comparisons for the year ended September 30, 2005.

Statement of Net Assets

	<u>FYE 2004</u>	<u>FYE 2005</u>	<u>% Change</u>
Current Assets	\$ 487,566	\$ 464,992	-5%
Capital Assets Net of Depreciation	1,027,842	1,031,935	0%
Total Assets	<u>1,515,408</u>	<u>1,496,927</u>	-1%
Current Liabilities	21,398	23,027	8%
Non-Current Liabilities	11,260	11,260	0%
Total Liabilities	<u>32,658</u>	<u>34,287</u>	5%
Equity			
Invest in Capital Assets	1,027,842	1,031,935	0%
Unrestricted Net Assets	454,908	430,705	-5%
Total Net Assets	<u>\$ 1,482,750</u>	<u>\$ 1,462,640</u>	-1%

Cash & Investments

Cash decreased by \$(176,399) as of September 30, 2005. The primary source of the decrease is due to the purchase of investments.

Investments increased by \$154,484.

Net Assets

The Authority's unrestricted net assets decreased by \$(24,203) for the current year.

**Housing Authority of the Town of Oil City
Management's Discussion and Analysis - Continued
September 30, 2005**

Overview of the Basic Financial Statements-Cont.

Statement of Revenues, Expenses, and Changes in Net Assets

	<u>FYE 2004</u>	<u>FYE 2005</u>	<u>% Change</u>
Revenue:			
Tenant Revenue	\$ 156,231	\$ 157,867	1%
HUD PHA OPERATING	134,799	180,128	34%
Capital Grants	196,996	-0-	-100%
Investment Income	2,355	4,480	90%
Total Revenue	<u>490,381</u>	<u>342,475</u>	-30%
Expenses:			
Administrative	96,655	95,508	-1%
Tenant Services	215	160	-26%
Utilities	11,500	7,478	-35%
Maintenance	69,569	96,610	39%
Insurance	31,544	31,454	0%
PILOT	14,520	14,860	2%
Other	1,365	-0-	-100%
Depreciation	93,368	116,515	25%
Total Expenses	<u>318,736</u>	<u>362,585</u>	14%
Prior Period Adjustments	3,313	-0-	-100%
Change In Net Assets	\$ <u>174,958</u>	\$ <u>(20,110)</u>	-111%

Results of Operations

Operating revenues of the Authority are generated principally from dwelling rents and HUD Operating Subsidies. The Authority's revenues decreased by \$(147,906), mainly due to a decrease in capital grants. Operating Expenses increased by \$43,849.

Capital Asset and Debt Administration

Capital Assets

As of September 30, 2005 the Authority's investment in capital assets was \$1,031,935 (net of accumulated depreciation). This investment included land, building, building improvements, office equipment, and maintenance equipment.

Long Term Debt

The Authority does not have any long-term liabilities at this time.

**Housing Authority of the Town of Oil City
Management's Discussion and Analysis - Continued
September 30, 2005**

Future Events that will impact the Authority

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the FYE 2005 year. Therefore, any results of budget shortfalls cannot be determined.

The Authority is under a contract through its Capital Fund Program to continue with the work as stated above and incorporate any new work items into its operation.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following address:

Housing Authority of the Town of Oil City
PO Box 206
Oil City, La 71061

Basic Financial Statements

**Housing Authority of the Town of Oil City
Oil City, Louisiana
Statement of Fund Net Assets
September 30, 2005**

ASSETS	ENTERPRISE FUND
CURRENT ASSETS:	
Cash & Cash Equivalents	\$ 30,355
Investments	418,539
Receivables (Net of Allowances For Uncollectables)	-0-
Inventory	-0-
Prepaid Items	16,098
TOTAL CURRENT ASSETS	<u>464,992</u>
NON-CURRENT ASSETS:	
Capital Assets (Net of Accumulated Depreciation)	1,031,935
TOTAL NON-CURRENT ASSETS	<u>1,031,935</u>
TOTAL ASSETS	<u>1,496,927</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	4,449
Accrued Compensated Absences	1,895
Accrued Pilot	14,860
Salaries & Payroll Taxes Payable	1,777
Deferred Revenues	46
TOTAL CURRENT LIABILITIES	<u>23,027</u>
NON-CURRENT LIABILITIES	
Accrued Compensated Absences	3,234
Tenant Security Deposits	8,026
TOTAL NON-CURRENT LIABILITIES	<u>11,260</u>
TOTAL LIABILITIES	<u>34,287</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	1,031,935
Unrestricted	430,705
TOTAL NET ASSETS	<u>\$ 1,462,640</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Oil City
Oil City, Louisiana
Statement of Revenues, Expenses, and Changes In Fund Net Assets
Year Ended September 30, 2005**

	ENTERPRISE FUND
OPERATING REVENUES:	
Tenant Rental Revenue	\$ 156,081
Tenant Revenue Other	1,786
TOTAL OPERATING REVENUE	<u>157,867</u>
OPERATING EXPENSES	
<i>Administration:</i>	
Administrative Salaries	53,250
EBC Administrative	7,090
Accounting/Legal	4,200
Other Operating - Administrative	30,968
<i>Cost of Sales & Service:</i>	
Tenant Services	160
Water	623
Electricity	5,265
Gas	1,590
Ordinary Maintenance – Labor	36,798
Materials	24,893
Contract Cost	30,955
EBC Maintenance	3,964
Insurance	31,454
Payment in Lieu of Taxes	14,860
<i>Depreciation</i>	116,515
TOTAL OPERATING EXPENSES	<u>362,585</u>
OPERATING INCOME (LOSS)	<u>(204,718)</u>
NONOPERATING REVENUE (EXPENSE)	
HUD PHA Operating Grant	180,128
Federal Grants	-0-
Interest Earnings	4,480
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>184,608</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND PRIOR PERIOD ADJUSTMENTS	<u>(20,110)</u>
CHANGE IN NET ASSETS	(20,110)
TOTAL NET ASSETS – BEGINNING	1,482,750
TOTAL NET ASSETS - ENDING	<u>\$ 1,462,640</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Oil City
Oil City, Louisiana
Statement of Cash Flows
Year Ended September 30, 2005**

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers & Users	\$ 158,254
Payments to Suppliers	(154,121)
Payments to Employees	(90,048)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(85,915)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Subsidy From Federal Grants	180,128
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>180,128</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Other	-0-
Acquisition & Construction of Capital Assets	(120,608)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(120,608)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investments	(154,484)
Interest and Dividends Received	4,480
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(150,004)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(176,399)
CASH, BEGINNING OF YEAR	206,754
CASH, END OF YEAR	<u>30,355</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	<u>(204,718)</u>
Depreciation Expense	116,515
(Increase) Decrease in Accounts Receivable	387
(Increase) Decrease in Inventories	-0-
(Increase) Decrease in Prepaid Items	272
Increase (Decrease) in Accounts Payable	2,501
Increase (Decrease) in Compensated Absences	(872)
TOTAL ADJUSTMENTS	<u>118,803</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (85,915)</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Oil City
Oil City, Louisiana**

Notes to the Basic Financial Statements

INTRODUCTION

The Housing Authority of Oil City is a 77 unit apartment complex for persons of low income located in Oil City, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

Legal title to the Authority is held by the Housing Authority of the Town of Oil City, Louisiana, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of Oil City, Louisiana. Each member serves a four-year term and receives no compensation for their services. Substantially all of the Authority's revenue is derived from subsidy contracts with the U. S. Department of Housing and Urban Development (HUD). The annual contributions contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities for eligible individuals.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separated and fiscally independent, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, account groups, activities, etc., that are within the oversight responsibility of the Housing Authority.

The Housing Authority is a related organization of the Town of Oil City because the Town of Oil City appoints a voting majority of the Housing Authority's governing board. The Town of Oil City is not financially responsible for the Housing Authority, as it cannot impose its will on the Housing Authority and there is no possibility for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Oil City. According, the Housing Authority is not a component unit of the financial reporting entity of the Town of Oil City.

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of the Interfund activity has been removed from these statements. The housing authority uses enterprise funds to account for its activities.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Housing Authority of
the Town of Oil City
Oil City, Louisiana**

Notes to the Basic Financial Statements - (Continued)

The housing authority reports the following major proprietary funds:

The Low Rent Fund is the housing authority's primary operating fund. It accounts for all financial resources of the housing authority.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to their same limitation. The housing authority has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of Interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The primary operating revenue of the housing authority is derived from tenant revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the housing authority's policy to use restricted resources first, then unrestricted resources as they are needed.

C. DEPOSITS AND INVESTMENTS

The housing authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the housing authority's investment policy allow the housing authority to invest in collateralized certificated of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the housing authority are reported at fair value.

D. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either "due to/from other funds" (i.e., the current portion of Interfund loans) or "advances to/from other funds" (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the accompanying basic financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectables.

**Housing Authority of
the Town of Oil City
Oil City, Louisiana**

Notes to the Basic Financial Statements - (Continued)

E. INVENTORIES AND PREPAID ITEMS

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. CAPITAL ASSETS

Capital Assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the government-wide financial statements. Capital assets are capitalized at historical cost. The housing maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$-0-. Of this amount, \$-0- was included as part of the cost of capital assets under construction in connection with construction projects.

All Capital Assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings & Building Improvements	20 years
Furniture & Fixtures	5 years
Vehicles	5 years
Equipment	5 years

G. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

H. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the housing authority, which are either unusual in nature or infrequent in occurrence.

**Housing Authority of
the Town of Oil City
Oil City, Louisiana**

Notes to the Basic Financial Statements - (Continued)

I. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At September 30, 2005, the housing authority has cash and investments (bank balances) totaling \$456,130 as follows:

Demand deposits	\$	37,591
Time deposits		418,539
Total	\$	<u>456,130</u>

These deposits are stated at cost, which approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At September 30, 2005, the housing authority has \$456,130 in deposits (collected bank balances). These deposits are secured from risk by \$215,651 of federal deposit insurance and \$654,301 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the housing authority or its agent in the housing authority's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the housing authority's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the housing authority's name.

<u>Type of Investment</u>	<u>Category</u>			<u>Fair Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
FDIC	\$ 215,651	\$ -0-	\$ -0-	\$ 215,651
FHLMC Note	-0-	654,301	-0-	654,301
	<u>\$ 215,651</u>	<u>\$ 654,301</u>	<u>\$ -0-</u>	<u>\$ 869,952</u>

**Housing Authority of
the Town of Oil City
Oil City, Louisiana**

Notes to the Basic Financial Statements - (Continued)

3. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land (Not Depreciated)	\$ 35,205	\$ -0-	\$ -0-	\$ 35,205
Leasehold Improvements	408,021	26,709	-0-	434,730
Buildings	2,876,951	279,794	-0-	3,156,745
Furniture & Equipment, Etc.	70,112	7,653	-0-	77,765
CFP Capital Assets	196,996	-0-	(196,996)	-0-
Total	<u>3,587,285</u>	<u>314,156</u>	<u>(196,996)</u>	<u>3,704,445</u>
 Less Accumulated Depreciation	 <u>(2,559,443)</u>	 <u>(113,067)</u>	 <u>-0-</u>	 <u>(2,672,510)</u>
 Net Capital Assets	 <u>\$ 1,027,842</u>	 <u>\$ 201,089</u>	 <u>\$ (196,996)</u>	 <u>\$ 1,031,935</u>

Land in the amount of \$35,205 is not being depreciated.

4. ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$22,981 at September 30, 2005 are as follows:

Accounts Payable	\$ 4,449
Salaries & Payroll Taxes Payable	1,777
Accrued Compensated Absences (Current)	1,895
Accrued Pilot	14,860
Total	<u>\$ 22,981</u>

5. RETIREMENT SYSTEMS

The PHA participates in the Housing Renewal and Local Agency Retirement Plan which is a defined contribution plan. Through this plan, the PHA provides pension benefits for all of its full time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investments earnings. All regular and full time employees are eligible to participate in the plan on the first day of the month after completing 6 months of continuous and uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 3% of each participant's basic compensation. The PHA's contribution for each employee and income allocated to the employee's account are fully vested after 5 years of continuous service. The PHA's contributions and interest forfeited by employees who leave employment before 5 years of service are used to offset future contributions of the PHA.

**Housing Authority of
the Town of Oil City
Oil City, Louisiana**

Notes to the Basic Financial Statements - (Continued)

The PHA's total payroll for fiscal year ended September 30, 2005, for employees who elected to participate, was \$23,783. The PHA's contributions were calculated using the base salary amount of \$23,783. Both the PHA and the covered employees made the required contributions for the year ended September 30, 2005. Employee contributions to the plan totaled \$455. The PHA contributions totaled \$1,815 for the year ended September 30, 2005.

The Housing Authority has a SEP Retirement Plan for one of its employees. The PHA contributions to the plan was \$2,476.

6. CONTINGENT LIABILITIES

At September 30, 2005, the housing authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the housing authority in the current and prior years. These examinations may result in required refunds by the housing authority to federal grantors and/or program beneficiaries.

7. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$180,128 to the housing authority, which represents approximately 53% of the housing authority's revenue for the year.

**Other Supplemental Statements
and Schedules**

**Housing Authority of the Town of Oil City
Oil City, Louisiana
Schedule of Compensation Paid to Board Members
Year Ended September 30, 2005**

Board Member	Title
John Holt	Chairman of the Board
Ellen Gay	Board Commissioner
Reba Parker	Board Commissioner
Gene Self	Board Commissioner
Jon Sartor	Board Commissioner

Each board member received \$75 per meeting when present.

**Housing Authority of the Town of Oil City
Oil City, Louisiana
Statement and Certification of Actual Modernization Cost
Annual Contribution Contract**

	<u>Project 501-2004</u>
1. The Actual Modernization Costs Are As Follows:	
Funds Approved	\$ 125,810
Funds Expended	<u>(125,810)</u>
Excess of Funds Approved	<u>-0-</u>
2. Funds Advanced	125,810
Funds Expended	<u>(125,810)</u>
Excess of Funds Advanced	<u>\$ -0-</u>

The accompanying notes are an integral part of this statement.



Other Reports

JOHN R. VERCHER PC
Certified Public Accountant

P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Housing Authority of the
Town of Oil City
Oil City, Louisiana

I have audited the accompanying financial statements of the major fund of the Housing Authority of the Town of Oil City, Louisiana, as of and for the year ended September 30, 2005, and have issued my report thereon dated December 30, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Oil City, Louisiana's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Authority of the Town of Oil City, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

John R. Vercher

December 30, 2005
Jena, Louisiana

**HOUSING AUTHORITY OF THE TOWN OF OIL CITY
OIL CITY, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended September 30, 2005**

I have audited the basic financial statements which collectively comprise the Housing Authority of the Town of Oil City, Louisiana, as of and for the year ended September 30, 2005 and have issued my report thereon dated December 30, 2005. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the basic financial statements as of September 30, 2005 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Basic Financial Statements ☐ Yes ☒ No

b. Federal Awards – (Not Applicable)

Internal Control

Material Weaknesses ☐ Yes ☐ No Reportable Conditions ☐ Yes ☐ No

Type of Opinion On Compliance ☐ Unqualified ☐ Qualified
For Major Programs ☐ Disclaimer ☐ Adverse

Are the findings required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☐ No

c. Identification Of Major Programs:

CFDA Number (s)

Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs:

\$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

☐ Yes ☐ No

**HOUSING AUTHORITY OF THE TOWN OF OIL CITY
OIL CITY, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended September 30, 2005**

Section II Financial Statement Findings Required To Be Reported In Accordance With GAGAS

No items to report.

Section III – Internal Control

No items to report.

Section IV Federal Awards Findings and Questioned Costs.

Not applicable.

**HOUSING AUTHORITY OF THE TOWN OF OIL CITY
OIL CITY, LOUISIANA**

MANAGEMENT LETTER COMMENTS

During the course of my audit, I observed conditions and circumstances that may be improved. Below are findings noted for improvement, my recommendation for improvement and the Housing Authority's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year comments.

**HOUSING AUTHORITY OF THE TOWN OF OIL CITY
OIL CITY, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Oil City, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended September 30, 2004.

PRIOR YEAR FINDINGS

There were no prior year findings.

PHA: LA108 FYED: 09/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$30,355	\$0	\$30,355
100	Total Cash	\$30,355	\$0	\$30,355
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$0	\$0
131	Investments - Unrestricted	\$418,539	\$0	\$418,539
142	Prepaid Expenses and Other Assets	\$16,098	\$0	\$16,098
150	Total Current Assets	\$464,992	\$0	\$464,992
161	Land	\$35,205	\$0	\$35,205
162	Buildings	\$3,156,745	\$0	\$3,156,745
164	Furniture, Equipment & Machinery - Administration	\$77,765	\$0	\$77,765
165	Leasehold Improvements	\$434,730	\$0	\$434,730
166	Accumulated Depreciation	\$-2,672,510	\$0	\$-2,672,510
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,031,935	\$0	\$1,031,935
180	Total Non-Current Assets	\$1,031,935	\$0	\$1,031,935
190	Total Assets	\$1,496,927	\$0	\$1,496,927

PHA: LA108 FYED: 09/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$4,449	\$0	\$4,449
321	Accrued Wage/Payroll Taxes Payable	\$1,777	\$0	\$1,777
322	Accrued Compensated Absences - Current Portion	\$1,895	\$0	\$1,895
333	Accounts Payable - Other Government	\$14,860	\$0	\$14,860
341	Tenant Security Deposits	\$8,026	\$0	\$8,026
342	Deferred Revenues	\$46	\$0	\$46
310	Total Current Liabilities	\$31,053	\$0	\$31,053
354	Accrued Compensated Absences - Non Current	\$3,234	\$0	\$3,234
350	Total Noncurrent Liabilities	\$3,234	\$0	\$3,234
300	Total Liabilities	\$34,287	\$0	\$34,287
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,031,935	\$0	\$1,031,935
511	Total Reserved Fund Balance	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$430,705	\$0	\$430,705
513	Total Equity/Net Assets	\$1,462,640	\$0	\$1,462,640
600	Total Liabilities and Equity/Net Assets	\$1,496,927	\$0	\$1,496,927

PHA: LA108 FYED: 09/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$156,081	\$0	\$156,081
704	Tenant Revenue - Other	\$1,786	\$0	\$1,786
705	Total Tenant Revenue	\$157,867	\$0	\$157,867
706	HUD PHA Operating Grants	\$54,318	\$125,810	\$180,128
711	Investment Income - Unrestricted	\$4,480	\$0	\$4,480
700	Total Revenue	\$216,665	\$125,810	\$342,475

PHA: LA108 FYED: 09/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$53,250	\$0	\$53,250
912	Auditing Fees	\$4,200	\$0	\$4,200
914	Compensated Absences	\$1	\$0	\$1
915	Employee Benefit Contributions - Administrative	\$7,089	\$0	\$7,089
916	Other Operating - Administrative	\$30,968	\$0	\$30,968
924	Tenant Services - Other	\$160	\$0	\$160
931	Water	\$623	\$0	\$623
932	Electricity	\$5,265	\$0	\$5,265
933	Gas	\$1,590	\$0	\$1,590
941	Ordinary Maintenance and Operations - Labor	\$36,798	\$0	\$36,798
942	Ordinary Maintenance and Operations - Materials and Other	\$24,893	\$0	\$24,893
943	Ordinary Maintenance and Operations - Contract Costs	\$30,955	\$0	\$30,955
945	Employee Benefit Contributions - Ordinary Maintenance	\$3,964	\$0	\$3,964
961	Insurance Premiums	\$31,454	\$0	\$31,454
963	Payments in Lieu of Taxes	\$14,860	\$0	\$14,860
969	Total Operating Expenses	\$246,070	\$0	\$246,070
970	Excess Operating Revenue over Operating Expenses	\$-29,405	\$125,810	\$96,405
974	Depreciation Expense	\$116,515	\$0	\$116,515
900	Total Expenses	\$362,585	\$0	\$362,585
1001	Operating Transfers In	\$125,810	\$0	\$125,810
1002	Operating Transfers Out	\$0	\$-125,810	\$-125,810
1010	Total Other Financing Sources (Uses)	\$125,810	\$-125,810	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-20,110	\$0	\$-20,110

PHA: LA108 FYED: 09/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$1,285,754	\$196,996	\$1,482,750
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$196,996	\$-196,996	\$0
1120	Unit Months Available	896	0	896
1121	Number of Unit Months Leased	847	0	847